From:	Stan Sokolowski <ssokolowski@cifc.com>
To:	Stan Sokolowski <ssokolowski@cifc.com>
CC:	
Date:	Mon, 8/17/2015 6:07:41 PM
Subject:	Daily Update

Quote of the Day

"Once you learn to quit, it becomes a habit." - Vince Lombardi

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- A quiet news weekend and a quiet summer Monday to start. Oil has reengaged its slide this morning, Japan's economy contracted 1.6% (better than exp of -1.8%) and Jason Day shoots a 20 under at the PGA Championship at Whistling Straits (easy course?...). Watch for sleepwalking investors who get surprised by bad earnings or price action. Oil could be a tell today. Also, rates are now rallying and equites are selling off on the weak Empire data. The Fed is seeing more pushback on their September liftoff plan… Futures: -9. 10 year: 2.15%

- Data: Empire Manufacturing: -14.92 (vs. 4.5 exp). Even the bulls think this data is bearish. CPI and PMI are due this week. Q3 tracking estimates are coming down to 2% ish…

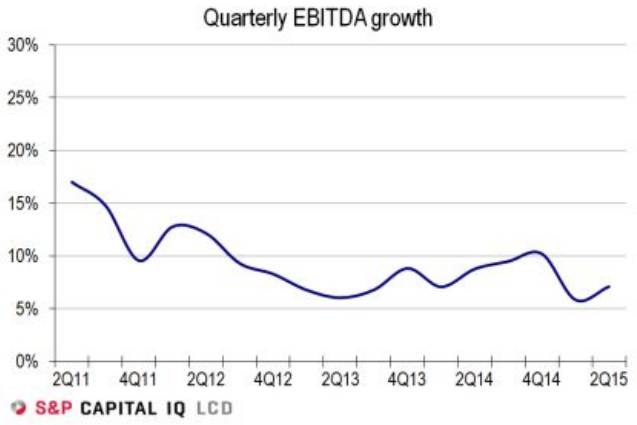
- Credit: Low quality continues to be shunned:

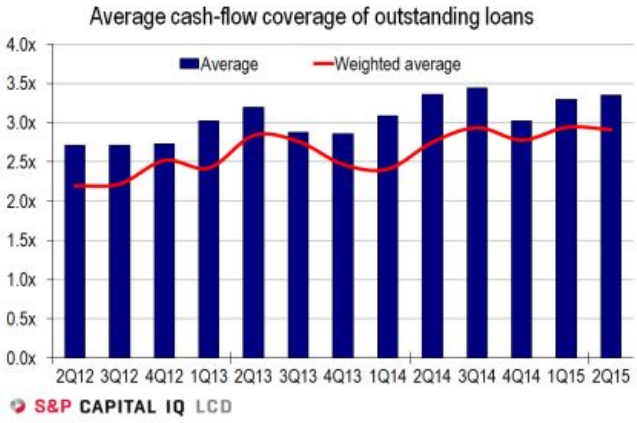
Lots of negative sentiment and concerns that we are experiencing "the beginning of the end of the credit cycle" in this weekend's research. Concerns include:

- Liquidity
- A commodity bear market
- Liftoff
- Currency devaluations
- Defaults
- Economic uncertainty
- China
- Outflows
- Earnings
- Rapid sell-offs / Price action
- Weakness in investment grade bonds & leveraged loans

What's new???... JPMorgan reduced their 2015 return forecasts for high yield bonds and loans this weekend.

Loan credit remains solid



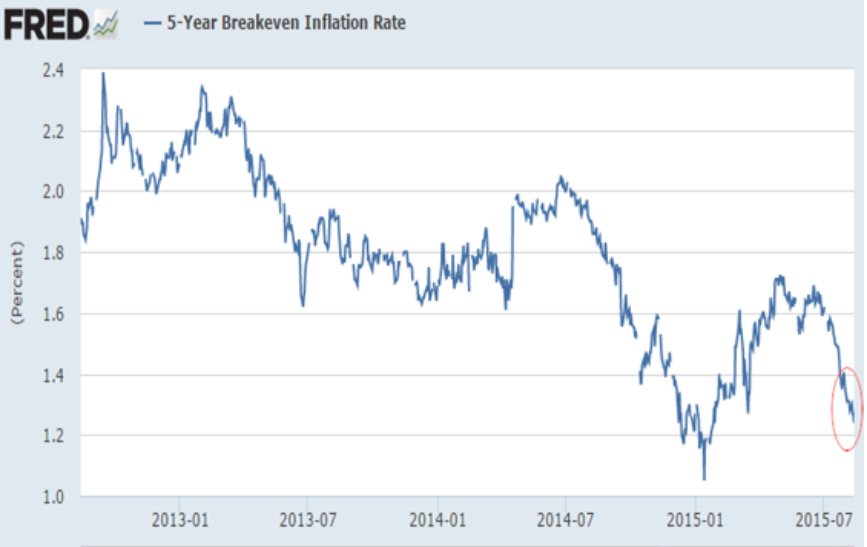


Also, some interesting stats for the CLO non-believers from Wells Fargo's research on Friday:

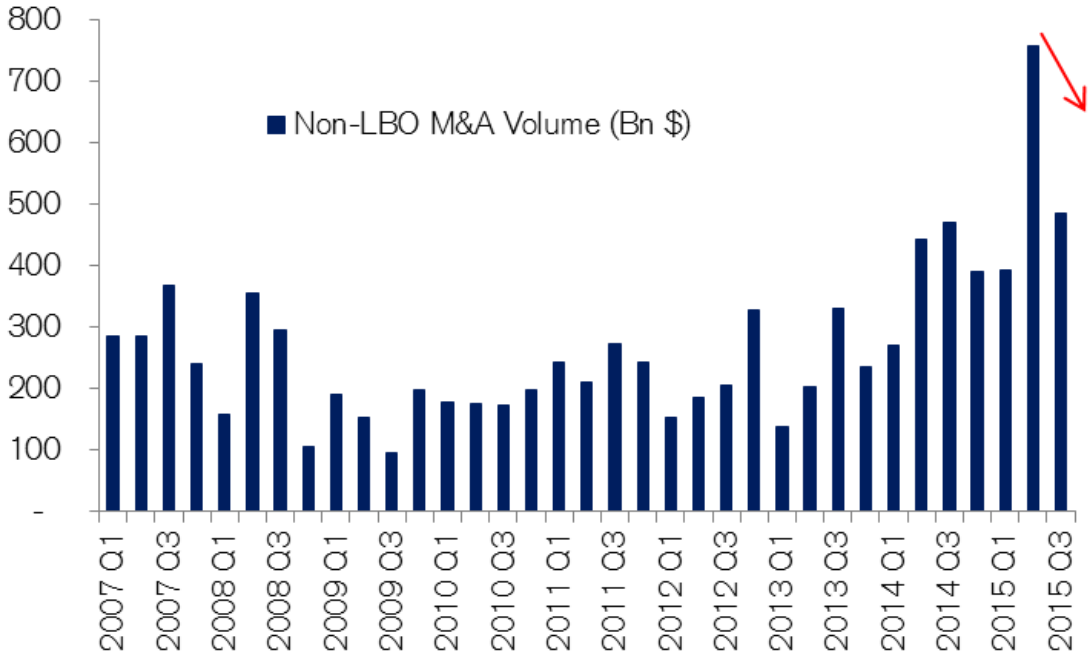
- Moody's data show that U.S. CLO tranches have a 10-year impairment rate of 3.57%; global corporate credit has a cumulative 10-year default rate of 12.62%.
- Per Moody's, investment grade (IG) U.S. CLO tranches have a 10-year impairment rate of 0.98%; global IG corporate credit has a cumulative 10-year default rate of 2.81%.
- Speculative grade (SG) U.S. CLO tranches have a 10-year impairment rate of 15.12%; global SG corporate credit has a cumulative 10-year default rate of 34.06%, per Moody's.

- Charts of the day:

No inflation…



Less enthusiasm by corporate directors?...



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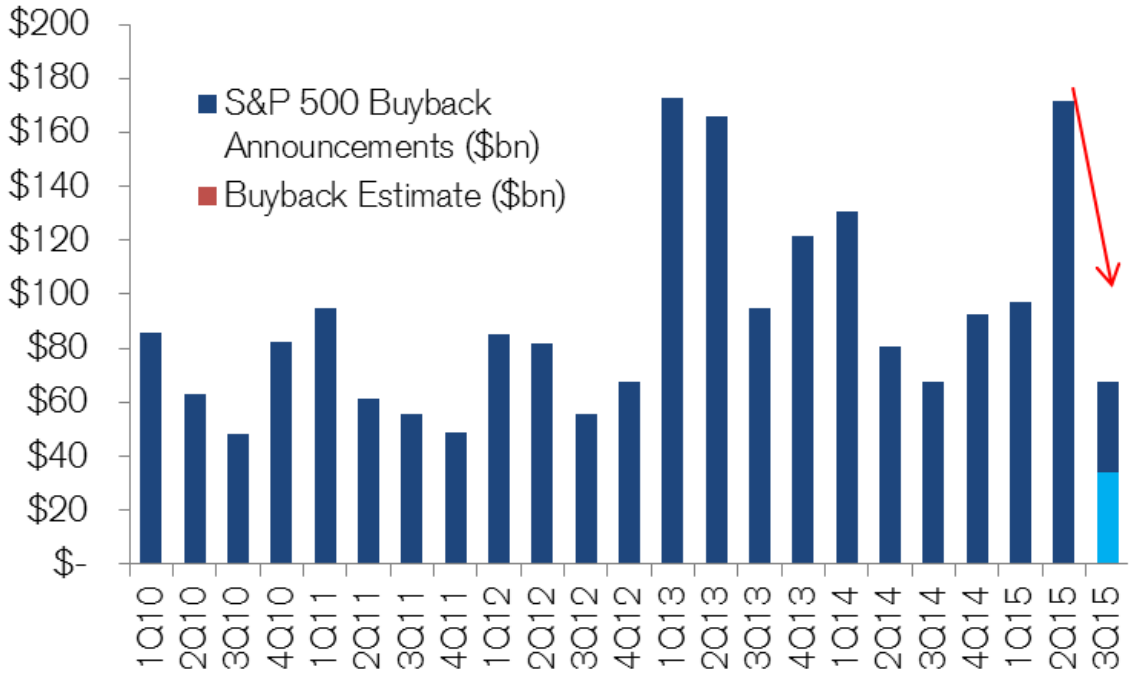
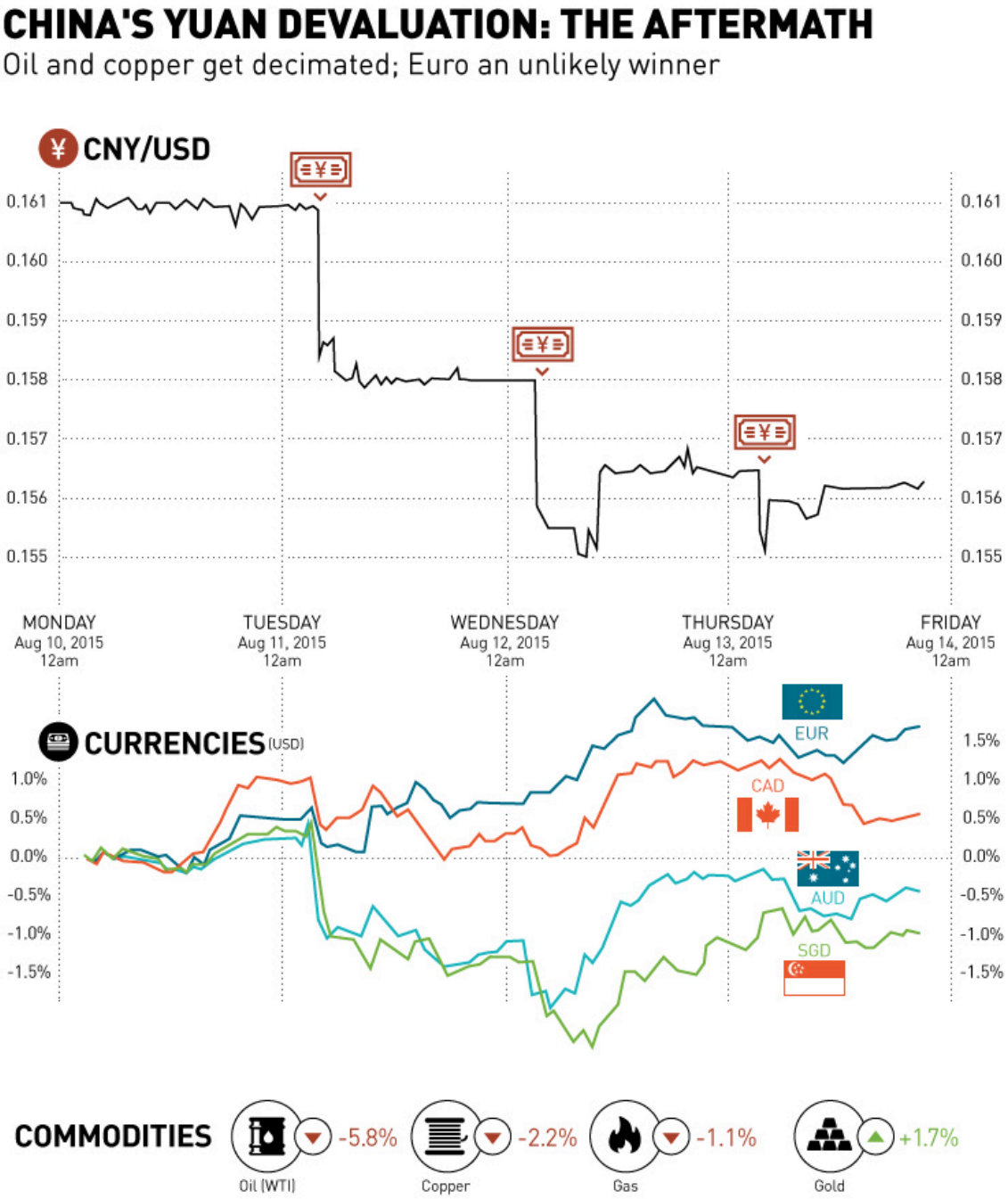


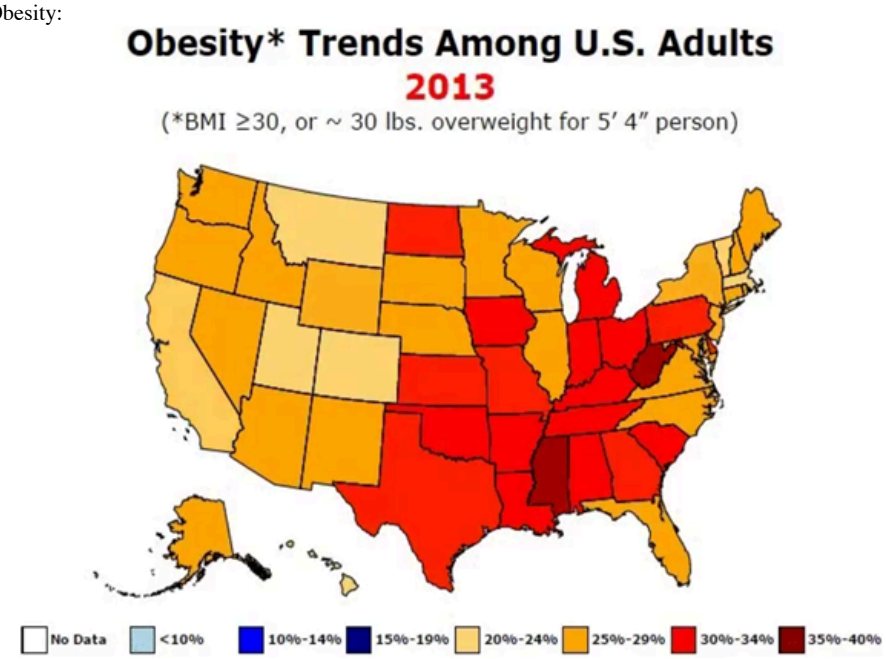
See bottom of this chart to see impact on commodities =>

Chart of the Week



- Other:
  - A global recession may be brewing in China http://www.wsj.com/articles/a-global-recession-may-be-brewing-in-china-1439764500?mod=rss_opinion_main

- They are just misunderstood…. http://www.wsj.com/articles/u-s-sees-pattern-in-isis-chemical-attacks-1439595807?mod=wsj_nview_latest
- Uncle Joe! http://www.politico.com/story/2015/08/biden-strategy-for-white-house-run-taking-shape-121377.html#ixzz3iwKPfe81
- Obesity:



- HY: 104 ¾ (-1/4)
- IG: 77 3/8 (+1 1/8)
- CSLLI: -0.41% mtd / 2.54% ytd

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